

R 210703Z JAN 09
FM AMEMBASSY KOROR
TO SECSTATE WASHDC 1067
INFO AMEMBASSY KOLONIA
AMEMBASSY KOROR
AMEMBASSY MAJURO
COMNAVMAIRIANAS GU
AMEMBASSY CANBERRA
AMEMBASSY TOKYO
AIT TAIPEI 0036
CIA WASHDC

UNCLAS KOROR 000011

DEPT FOR EAP/ANP

E.O. 12958: N/A

TAGS: [PS](#) [PGOV](#) [PREL](#)

SUBJECT: INAUGURATION OF PALAU'S EIGHTH CONSTITUTIONAL GOVERNMENT

REF: 08 Koror 0193

¶1. Summary: On January 15 Palau's eighth constitutional government was inaugurated into office. The ceremonies began with the installation of the Senate and the House of Delegates followed by the swearing-in of President Johnson Toribiong and Vice President Kerai Mariur. The ceremonies took place at the new National Capitol Complex Building at Melekeok State. This was the first inauguration was held at the new capitol complex. End summary.

¶2. In his inaugural speech President Toribiong thanked the U.S. Government for the guidance and support through the years which made it possible for Palau to attain independence. He acknowledged that the U.S. is Palau's most important bilateral partner, its major benefactor and its defender, and affirmed his commitment to enhance Palau's relationship with the U.S.

¶3. President Toribiong described the evolving fiscal situation as the major challenge facing his administration - specifically: government revenues were not sufficient to compensate for the reduction in Compact related funds. This challenge is made even larger by the fact that the value of the Compact Trust Fund has declined by an estimated \$50 million (from approximately \$175M to approximately \$125M) as a result of the current global economic recession.

¶4. As one avenue to address the fiscal problems confronting Palau, the new president seeks to promote foreign investment and advised Palauans not to fear foreign investors but to seek investments that will create jobs and increase tax revenues. With jobs and tax revenues generated from foreign investments, Palau would be less dependent on foreign aid and the quality of life would improve. But Toribiong also stated that his first and highest priority is the Section 432 Review of the Compact of Free Association.

¶5. President Toribiong acknowledged Palau's other donors - Japan, Taiwan and South Korea - and regional partners - the Philippines and the other Freely Associated States. He singled Japan and Taiwan out for particular gratitude owing to the magnitude and importance of their contributions to Palau's infrastructure.

¶6. The U.S. delegation to the inauguration was led by Charge Mark Bezner and included Rear Admiral William French, Commander, U.S. Naval Forces Marianas; Tom Bussanich, Office of Insular Affairs, Department of Interior; and EAP Desk Officer Paul Neville. Other dignitaries at the inauguration included former Prime Minister of Japan Yoshiro Mori, President of the Federated States of Micronesia Immanuel Mori, Taiwan Special Envoy Kuan Chung, Australian Parliamentary Secretary for the Pacific Affairs Duncan Kerr and ambassadors from Australia, the Czech Republic, France, India, and Switzerland. (Interestingly, former Australian Prime Minister Bob Hawk was also present during the inauguration, but was here on private business and kept a low profile.)

17. Comment: Prior to his inauguration, President Toribiong stated to Charge that he intends to make Palau's relationship with the U.S. even stronger than it already is. In his inaugural address, which contained effusive praise for U.S. influence and assistance, and mingled excerpts from the Palauan constitution and the Bible with quotes from John F. Kennedy and Barack Obama, Toribiong publicly signaled his commitment to the U.S.-Palau relationship.

The inauguration of this President represents the first time the power of Palau's executive branch has eluded the grasp of the Nakamura-Remengesau political clique since independence. In focusing on self-reliance in his inaugural speech, Toribiong, who has an excellent understanding of the Compact of Free Association, demonstrated his comprehension of the magnitude of the challenges his administration is inheriting from his predecessors.

Post will email the full text of Toribiong's speech to the desk.

BEZNER